Hawsons IRON
WORLD'S BEST IRON ORE PRODUCT

ABN 63 095 117 981
Formerly Carpentaria Resources Limited
ASX Code: HIO; Former ASX Code: CAP

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

CORPORATE DIRECTORY

Board of Directors

Bryan Granzien	Executive Chairman
Paul Cholakos	Non-executive Director
Jon Parker	Non-executive Director

Chief Financial Officer

Gregory John Khan

Company Secretary

Gregory John Khan

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Auditors BDO Audit Pty Ltd Level 10 12 Creek Street Brisbane QLD 4000 Telephone: 07 3237 5999 Fax: 07 3221 9227 Website: www.bdo.com.au	**Solicitors** GRT Lawyers Level 27 111 Eagle Street Brisbane QLD 4001 Telephone: 07 3309 7000 Facsimile: 07 3309 7099 Website: www.grtlawyers.com

DIRECTORS' REPORT

Your Directors present their report on Hawsons Iron Ltd (formerly Carpentaria Resources Limited) and its controlled entities (Consolidated Entity) for the year ended 30 June 2021.

DIRECTORS

The names and details of the Directors of Hawsons Iron Ltd (Hawsons, Hawsons Iron or the Company) in office at the date of this report or at any time during the financial year are:

Name	Position	Period of directorship
Bryan Granzien	Executive Chairman	Appointed 29 December 2020 as Non-executive Chairman, appointed Executive Chairman 29 January 2021
Paul Cholakos	Non-executive Director	Appointed 2 April 2012
Jon Parker	Non-executive Director	Appointed 11 February 2021
Quentin Hill	Former Managing Director	Appointed 1 September 2013, resigned 29 January 2021
Linda Lau	Non-executive Director	Appointed 2 September 2020, resigned 8 February 2021
Peter Graham	Former Non-executive Chairman	Appointed 4 May 2020, resigned 29 December 2020

Bryan Granzien *B. Business, GAICD*
Executive Chairman

Bryan has more than 30 years' experience in the resources sector, with extensive leadership experience and success in ASX listed and unlisted environments across mining, agribusiness, information technology and steel manufacturing industries. Following a range of senior executive roles with MIM Holdings and Grainco Australia, Mr. Granzien held General Manager positions at both Neumann Steel and NatSteel Australia from 2004 to 2011. Mr. Granzien was then CEO for Tata Steel Australia, representing the parent company Tata Steel Limited as a director / CEO on Australian subsidiaries Tata Steel Resources and Kalimati Coal.

He has a Bachelor of Business degree and is a graduate of the Australian Institute of Company Directors and Fellow of the CEO Institute.

He is also chairman of the Hawsons Remuneration Committee.

Bryan has not been a director of any other listed company in the last three years.

Paul Cholakos *Bachelor of Engineering (Mining), MBA*
Non-executive Director

Paul has more than 30 years of resources industry experience, successfully managing complex development projects and operations for leading oil and gas and diversified mining companies, including through executive roles at major Australian oil and gas company Oil Search Limited (ASX: OSH) and Exeter Resources and a variety of operational and commercial roles at MIM Holdings. He has worked in North America, South America and Asia-Pacific with a focus on large projects and operations. He holds Master of Business Administration and Bachelor of Engineering (Mining) degrees.

He is also chairman of the Hawsons Audit Committee and a member of the Hawsons Remuneration Committee.

Paul has not been a director of any other listed company in the last three years.

Jon Parker *BSc (Hons), Grad. Dip Business Management*
Non-executive Director

Jon has more than 40 years' industry experience, including 26 years with leading iron ore producer Rio Tinto. He has a distinguished record in executive management and value creation across the resources sector for a range of ASX-listed companies, where he has overseen substantial growth in market capitalisation.

He is also a member of the Hawsons Audit Committee.

Jon has not been a director of any other listed company in the last three years.

Quentin Hill *BSc (Geology)*
Former Managing Director

Quentin is a geologist with more than 25 years' experience in exploration and development in Australia. He has wide-ranging commodity experience including gold, iron ore, coal and base metals. Quentin was Hawsons Senior Geologist when the Company listed and was integral in the discovery of the Hawsons Iron Project. As the Former Managing Director he has overseen successful resource upgrades, product marketing efforts and a prefeasibility study that have created a stable technical platform for project development and positioned Hawsons to be widely accepted by off-takers as the leading high quality iron project in the world.

Prior to his 10 years with Hawsons, Quentin held technical positions with major miners, including seven years with Delta Gold and with Vale's coal division. He also held a senior role in the Queensland Government, where he implemented several exploration funding initiatives. He is a member of the Australian Institute of Geoscientists and holds a graduate certificate in business administration.

Mr Hill has not been a director of any other listed company in the last three years.

Peter Graham *BEc*
Former Non-executive Chairman

Mr Graham has significant knowledge of and experience in the finance industry, including in banking and treasury and corporate advisory. Following university, he worked for Ernst & Young before moving into banking, more specifically, Treasury. Initially with Westpac and then UBS, he provided trading, financing and hedging services to Australian resource companies. In 1995, Mr Graham moved into equities, commencing as a research analyst covering resource companies. Exposure was also gained to the wagering and gaming and technology sectors. He has since worked in corporate advisory and floated or raised capital for several companies from the late 1990s till now, covering various sectors of the market.

Mr Graham is also Non-executive Chairman of TZ Limited (ASX:TZL). He has not been a director of any other listed company in the last three years.

Linda Lau *B.Arts*
Non-executive Director

Ms Lau has been a corporate consultant for over 30 years, primarily with large corporations such as Newscorp and Mallesons Stephen Jacques. Included amongst her various roles was setting up China's Anshan Iron & Steel's (now the Ansteel Group) first joint venture in Australia. She was the founding director of Angang Australia Pty Ltd. Ms Lau has also acted as adviser and/or consultant to other major resource companies, with a particular focus on the iron and steel industry.

Interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares and options of Hawsons Iron Ltd are shown in the table below:

Director	Ordinary Shares	Non-Recourse Employee Shares	Options
Bryan Granzien	-	-	8,000,000
Jon Parker	100,000	-	5,000,000
Paul Cholakos	2,822,042	-	5,000,000

COMPANY SECRETARY

Bob Hair *BA (Hons)*
Company Secretary

Bob is by background a lawyer (having been admitted as a barrister in Queensland in 1983) with more than 30 years of experience in the resources sector. He was previously an in-house lawyer, director of subsidiary companies and Commercial Manager and General Manager in the MIM group in Australia, Asia, Africa, Europe, North America, South America, and GM Commercial for the ASX-listed Highlands Pacific Limited and was Managing Director of Ferrum Crescent Limited (ASX; LSE; JSE: FCR). He has since worked for and consulted to various listed and unlisted companies in the resources industry.

Bob was a non-executive director of Hawsons from its listing on ASX until his resignation effective 30 September 2015.

Bob retired as company secretary on 23 September 2021.

Greg Khan *B. Bus (Accounting), MIPA, AFA, MIMC, MQJA, JP(Qual)*
Chief Financial Officer & Company Secretary

As an experienced ASX CFO, Greg has more than 27 years in financial, management and cost accounting incorporating financial control, management accounting, financial modelling, strategy, operational excellence and supply chain optimisation, across multiple industry sectors. Additionally, Greg has significant experience with implementing, maintain and supporting Enterprise Resource Platforms (ERP) systems and integrated B2B/B2C/P2P E-Commerce Solutions along with the design and support of national ICT architecture frameworks.

Greg has a Bachelor of Business degree majoring in Accounting and is a Member of the Institute of Public Accountants, Associate of the Institute of Financial Accountants, Member of the Institute of Management Consultants and Member of the Queensland Justices Association. Mr. Khan is a Member of the Golden Key International Honour Society for Academic Excellence and former Associate of CPA Australia and former fellow of the Australian Institute of Management.

Greg was appointed as company secretary on the date Bob Hair retired as company secretary, being 23 September 2021.

CORPORATE INFORMATION

Corporate Structure

Hawsons Iron Ltd (formerly Carpentaria Resources Limited) is a company limited by shares and incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange (ASX). Hawsons Iron has prepared a consolidated financial report encompassing the entities that it controlled during the financial year.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was mineral exploration.

Following listing on ASX on 17 November 2007, the Consolidated Entity has continued exploration activity on its projects in Queensland, New South Wales and South Australia. Its principal focus is completion of the bankable feasibility study into the Hawsons Iron Project (**HIP**) and, if economically and technically viable, the financing, construction and operation of that project.

There was no significant change in the nature of the activity of the Consolidated Entity during the year.

CURRENCY

The financial report is presented in Australian dollars and amounts are rounded to the nearest dollar.

OPERATING RESULTS

Commentary and Comparison with Prior Year

For the year ended 30 June 2021, the loss for the Consolidated Entity after providing for income tax was $2,537,840 (2020: $4,043,722). The loss for the 2021 financial year is an improvement of $1,505,882 over the loss of 2020, primarily attributable to:

- The reversal of accrued back pay for the Managing Director and Company Secretary ($386,170); and
- Reduction in external promotion costs for the Hawsons Iron Project as the Company focused on the Pure Metals transaction to consolidate the project interests.

Cash Position

The Consolidated Entity's cash position increased from year end 30 June 2020 by $1,633,134 primarily attributable to:

- Share Purchase Plan announced in Oct 2020 subsequently raising $1,190,000 before costs;
- Successful private placement to sophisticated and professional investors, completed in April 2021 for $2,501,668 before costs
- Reduced direct Hawsons Iron Joint Venture project expenditure due to board and operational restructure.

Business Strategies and Prospects For Future Financial Years

Despite the economic downturn caused by the COVID-19 pandemic, there continues to be significant interest in Hawsons Iron Project's potential product offering from buyers of steelmaking raw materials. In a world that is transitioning towards greener steelmaking, Hawsons Supergrade® product will be highly sought after to reduce carbon dioxide emissions and create green steel. The Company on 28 July 2017 announced the results of the prefeasibility study conducted by independent consultants GHD, with the results showing robust project economics for production of 10 Mtpa of the world leading Hawsons Supergrade® product for steelmakers.

The Company subsequently to the end of the financial period carried out a fully underwritten capital raising of $35,596,844 through a fully underwritten placement and a 1 for 2.6 underwritten entitlements offer and private placement. The capital raising was executed at the offer price of $0.15 per share. The offer price represented a 1.3% premium to the 30-day volume-weighted average price (VWAP) the Company's shares up to Thursday 1 July 2021 and a 13.5% discount to the 20-day VWAP up to the same date.

The funds raised through the private placement and the entitlements offer will be used to complete the Hawsons Iron Project bankable feasibility study (BFS) including drilling, pilot plant run, engineering and design. Hawsons Iron will be fully funded to complete the BFS which is another significant step forward in unlocking the full value of the Hawsons Iron Project.

The work programmes for the next twelve months will be directed to the BFS milestones. The Company is also in discussions with end-users of the Hawsons Supergrade® product and others to secure offtake and other rights. The cost of the work programmes will be set to maximise the Company's ability to attract additional investment and to maintain a strong financial position.

The Company will continue to monitor commodity markets and review its strategy periodically and adjust as required. Upon successful conduct and completion of the BFS, the Company will look to finance and develop the Project. Discussions are already in progress with finance participants to ensure a seamless transition from BFS completion to initiating the mine build programme.

This strategy should result in the Consolidated Entity maintaining a strong financial position in future years.

REVIEW OF FINANCIAL POSITION

Liquidity and funding

As at 30 June 2021 the Consolidated Entity had cash reserves of $2,349,451 net current assets of $453,361 and net assets of $16,400,356.

The Consolidated Entity incurred a loss of $2,537,840 for the year ended 30 June 2021 and had an outflow of $1,635,656 of cash from operating activities.

The Consolidated Entity requires capital to fund future exploration activity and meet other necessary corporate expenditure. The Company has successfully raised $35,596,844 to progress through to completion of the bankable feasibility study.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Consolidated Entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities, and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities; and

- The Directors believe there is sufficient cash available for the Consolidated Entity to continue operating based on the Company's cash in hand and cash flow forecast.

Capital structure

At 30 June 2021 the Company had 475,740,645 shares on issue (including 5,500,000 non-recourse employee shares) and 17,075,000 options on issue.

Treasury policy

The Board controls the funds, which are handled on a day-to-day basis through approvals provided by the Executive Chairman. The Chief Financial Officer processes and makes payments to suppliers of approved invoices.

Dividends

No dividends were paid during the financial year ended 30 June 2021 (2020: nil), and no dividend is recommended for the current year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Hawsons Iron Ltd remained relatively unaffected during the period by COVID-19. Staff worked remotely when possible and followed enhanced social distancing and health and safety procedures when at the workplace. The Company did not receive any subsidies beyond the universally available ATO cashflow boost scheme ($50,000).

Hawsons Iron Ltd announced on the 25th of May 2021 that the Sale and Purchase Agreement (SPA) with Pure Metals Pty Ltd (PM) approved by Shareholders at the Company's annual general meeting on 2 November 2020 had been completed.

This has resulted in the Company acquiring 24.149 per cent of the Hawsons Iron Project from Pure Metals in consideration of the issue to Pure Metals of 90,800,000 Hawsons Iron shares. Hawsons Iron Ltd now holds 93.963% of the Hawsons Iron Project.

The Company's co-joint venturer, Pure Metals Pty Ltd (Pure Metals), transferred its 6.037% Hawsons Joint Venture interest to Starlight Investment Company Pty Ltd (Starlight) in consideration of the cancellation of Starlight's shares in Pure Metals.

The Company and Starlight will hold the Hawsons Iron Project in accordance with a new joint venture agreement between Starlight and the Company, with Hawsons Iron Ltd holding 93.963% and Starlight holding 6.037%.

There was no other matter or circumstance during the financial year that has significantly affected the state of affairs of the Group.

REVIEW OF OPERATIONS

The Company's focus during the financial period remained on consolidation of the Hawsons Iron Project ownership structure. Following several months of negotiation with Hawsons Iron's co-joint venturer, Pure Metals and its shareholders, Ample Source International Limited (Ample Source) and Starlight, the parties finally entered into an agreement whereby the Project's ownership would be restructured. Under these agreements:

- Starlight would purchase a 6.037% interest in the Hawsons Joint Venture in return for the cancellation of its shares in Pure Metals;
- The Company would purchase Pure Metals' remaining joint venture interest in return for the issue of 90,800,000 Hawsons Iron shares; and
- The existing Hawsons Project joint venture agreement would be terminated and a new joint venture agreement entered into between the Company and Starlight.

The various agreements were subject to a number of conditions precedent, including approval by the Company's shareholders and approval by the Foreign Investment Review Board (FIRB). The first of these approvals was obtained at the Company's annual general meeting on 2 November 2020, and the latter approval became unnecessary because of changes to the FIRB regulations that came into effect on 1 January 2021.

Notice was given to the Company in late January 2021 that Ample Source, the majority owner of Pure Metals, had been placed in liquidation. As a consequence, despite the fact that the Project ownership restructure agreements had become unconditional, the actual completion of those agreements was delayed by several months. Hawsons and Pure Metals worked together with the Ample Source liquidator, and the agreements were completed in May 2021. The sale agreement with Pure Metals resulted in the issue of 90,800,000 Hawsons shares, which were subsequently sold to institutional and sophisticated investors.

Hawsons Iron is manager of the Hawsons Joint Venture with Starlight, and the Project interests are:

- Hawsons Iron 93.963%

- Starlight 6.037%.

Hawsons Iron is now fully funded to carry out the Project's bankable feasibility study.

The Company has either relinquished or transferred its remaining projects to other parties.

Hawsons Iron Project (HIP) Development Summary

The table below sets out the current range of agreements and/or non-binding LOIs for Hawsons Supergrade® product, from blue-chip international companies across Asia and the Middle East.

Company	Volume	Market
Formosa Plastics	2.6 Mtpa	concentrate/pellet feed
Bahrain Steel	3.0 Mtpa	direct reduction (DR) pellet feed
Shagang	2.5 Mtpa	pellet feed
Mitsubishi Corporation RtM	1.0 Mtpa	pellet feed
Gunvor	1.0 Mtpa	concentrate
Kuwait Steel	1.0 Mtpa	DR pellet feed
Emirates Steel	0.9 Mtpa	DR pellets
Total	**12.0 Mtpa**	

The world's largest steelmaking countries, China, Japan, Korea and Germany have all stated that they target net zero carbon emissions by 2050 or 2060. To meet these targets, material improvement in carbon dioxide reduction from steelmaking is required. Steelmaking contributes 7% of global emissions and the use of highest iron content iron ore such as the 70% Hawsons Supergrade® product will reduce emissions and increase efficiency.

The use of direct reduced iron (DRI) in steelmaking reduces carbon dioxide emissions by half compared to the use of blast furnaces and does so in part by relying on high grade ores. DRI is also the leading technology for the use of hydrogen in steelmaking.

Iron ore pellets are the highest growth section of the iron ore market. The board and management of the Company remain confident that Hawsons is the leading undeveloped pellet feed/concentrate project in the world and that Hawsons Supergrade® product will be the most highly sought-after pellet feed because of its high Fe content and overall outstanding quality.

During the period the Company improved its product offering to Middle East and north Africa (MENA) direct reduction iron (DRI)--based steelmakers, completing value-in-use marketing studies, exploring pricing options and engaging local assistance to position the Company to benefit as the region builds its non-oil economy. Opportunities for independent top-tier DR grade supply are extremely limited.

Competent Person Statement: The information in this report that relates to Exploration Results is based on information reviewed by Mr Justin Haines, who is a member of the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy. Mr Haines is a full-time employee of Hawsons Iron Ltd and has sufficient expertise which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Haines consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors and of the Audit and the Remuneration Committees held during the year ended 30 June 2021 and the number of meetings attended by each Director.

	Directors' Meetings		Audit		Remuneration	
	Attended	*Eligible to Attend*	*Attended*	*Eligible to Attend*	*Attended*	*Eligible to Attend*
Bryan Granzien	7	7	-	-	-	-
Paul Cholakos	10	10	1	1	1	1
Jon Parker	5	5	-	1	1	1
Quentin Hill	5	5	-	-	-	-
Peter Graham	3	3	-	-	-	-
Linda Lau	1	4	-	-	-	-

SHARE OPTIONS

Issued Options

Details of options issued, exercised and expired during the financial year are set out below:

Tranche	Grant Date	Expiry Date	Exercise Price	1 Jul 2020	Granted in year	Exercised in year	Lapsed	30 June 2021	Options issued post year end*
2	24-Nov-16	24-Nov-21	$0.20	1,625,000	-	-	-	1,625,000	-
7	2-Jan-18	1-Jan-23	$0.15	500,000	-	-	-	500,000	-
8	2-Jan-18	1-Jan-23	$0.25	625,000	-	-	-	625,000	-
9	2-Jan-18	1-Jan-23	$0.40	150,000	-	-	-	150,000	-
10	2-Jan-18	1-Jan-23	$0.50	200,000	-	-	-	200,000	-
11	15-Oct-18	14-Oct-23	$0.15	2,200,000		-	-	2,200,000	-
12	15-Oct-18	14-Oct-23	$0.25	2,500,000		-	-	2,500,000	-
13	15-Oct-18	14-Oct-23	$0.40	1,400,000		-	-	1,400,000	-
14	15-Oct-18	14-Oct-23	$0.50	3,400,000		-	-	3,400,000	-
15	17-Mar-21	17-Mar-24	$0.15	- -	200,000	-	-	200,000	-
16	17-Mar-21	17-Mar-24	$0.25	-	260,000	-	-	260,000	-
17	17-Mar-21	17-Mar-24	$0.40	-	365,000	-	-	365,000	-
18	17-Mar-21	17-Mar-24	$0.50	-	650,000	-	-	650,000	-
19	12-Apr-21	12-Apr-26	$0.05	-	1,000,000	-	-	1,000,000	-
20	12-Apr-21	12-Apr-26	$0.06	-	1,000,000	-	-	1,000,000	-
21	14-Jun-21	12-Apr-26	$0.20	-	1,000,000	-	-	1,000,000	-
22	10-Aug-21	10-Aug-26	$0.15	-	-	-	-	-	2,000,000
23	10-Aug-21	10-Aug-26	$0.25	-	-	-	-	-	4,000,000
24	10-Aug-21	10-Aug-26	$0.35	-	-	-	-	-	4,000,000
25	10-Aug-21	10-Aug-26	$0.50	-	-	-	-	-	6,000,000
				12,600,000	4,475,000	-	-	17,075,000	16,000,000

*There were options issued to Directors, Key Management Personal and employees since the end of the financial year. Director options and the Hawsons Iron Option Plan were approved at the Extraordinary General Meeting held on the 10th of August 2021. The Director options granted are outlined in the 'events after balance sheet date'.

INDEMNIFICATION OF OFFICERS OR AUDITOR

Each of the Directors, Chief Financial Officer and Company Secretary of the Company has entered into a deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company and certain indemnification.

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company against certain risks associated with their activities as officers of the Company. The terms of that policy prohibit disclosure of the nature of liability covered, the limit of such liability and the premium paid.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wrongful act by the officers. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The Company has not indemnified the auditor.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulations in relation to its exploration activities. The Directors are not aware of any significant breaches during the period covered by this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for the directors and other key management personnel of Hawsons Iron Ltd (the Company).

Remuneration Policy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The Remuneration Committee assesses the appropriateness of the nature and value of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash, equity and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company. Further details on the remuneration of directors and executives are set out in this Remuneration Report.

The Company aims to reward the Executive Chairman and other key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. With this in mind, a significant part of the remuneration package of executives is based on the performance of the Company, as set out in milestones contained in the relevant contracts, the achievement of which may result in the issue to them of options and securities in the Company and from time to time the payment of cash bonuses.

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive Director and other key management personnel remuneration is separate and distinct except that Non-executive Directors, as well as the Executive Director, participate in incentives involving the issue to them of securities in the Company and a rate of remuneration that rewards the achievement of corporate milestones.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cash cost that is acceptable to shareholders. The Company's specific policy for determining the nature and value of emoluments of board members of the Company is as follows:

In accordance with the Constitution, the existing shareholders of the Company have determined in general meeting the maximum Non-executive Director remuneration to be $220,000 per annum. This limit excludes the value of equity instruments provided to Non-executive Directors.

The Directors have resolved that each Non-executive Director is entitled to receive fees of $30,000 per annum and the Chairman of Directors, if he or she is a Non-executive Director, is entitled to receive $60,000 per annum. Payments of fees will be in addition to any payments to Directors in any employment capacity. A Director will not be entitled to receive directors' fees if he or she is employed by the Company in a full-time executive capacity.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties.

The remuneration of Non-executive Directors for the year ended 30 June 2021 is detailed below.

Mr Jon Parker received a $3,000 payment for consulting services, prior to becoming a Non-executive Director of the Company.

Executive Chairman and Other Key Management Personnel Remuneration

The Company aims to reward the Executive Chairman and other key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks.
- align the interests of executives with those of shareholders.
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

REMUNERATION REPORT (continued)

The remuneration of the Executive Chairman and other key management personnel for the period ended 30 June 2021 is detailed below.

Employment Contracts

Agreement with Executive Chairman

Mr Bryan Granzien is engaged as Executive Chairman of the Company under the following terms and conditions:

- annual salary of $250,000 plus superannuation at the higher of 9.5% or the mandatory rate in accordance with applicable regulations;
- reimbursement of all reasonable business expenses;
- entitled to receive options to acquire shares as outlined in the Milestones table below, subject to shareholder approval;
- provision for six months' notice for termination;
- the contract is ongoing; and
- standard terms relating to leave, confidentiality, conflicts of interest and representations and warranties.

Milestone #	Milestones	Options that vest if achieved
1 **Any of the following:**	Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $31.6 million, whichever is the lesser.	1,000,000 options $0.05 exercise price
2 **Either of the following:**	Hawsons Iron market capitalisation of $100 million or more; or Hawsons Iron having cash or liquid assets of to the value of $100 million or more.	1,000,000 options $0.06 exercise price

The performance conditions detailed above were chosen as the Directors believe this appropriately aligns company performance with shareholder wealth.

Agreement with Chief Financial Officer

Mr Greg Khan is engaged as Chief Financial Officer of the Company under the following terms and conditions:

- annual salary of $185,000 plus 9.5% superannuation at the higher of 9.5% or the mandatory rate in accordance with applicable regulations;
- reimbursement of all reasonable business expenses;
- entitled to receive options to acquire shares as outlined in the Milestones table below and is entitled to receive options to acquire shares under the Hawsons Iron Option Plan;
- provision for three months' notice for termination;
- the contract is ongoing; and
- standard terms relating to leave, confidentiality, conflicts of interest and representations and warranties.
- Mr Khan received fees of $16,225 for contract accounting services provided to the Company, prior to his employment agreement being executed.

Milestone #	Milestones	Options that vest if achieved
1 **Either of the following:**	The Company's market capitalisation reaches $250,000,000; or The Company has successfully raised the funds required in the Bankable Feasibility Raise. (BFS)	1,000,000 options $0.20 exercise price

REMUNERATION REPORT (continued)

Agreement with Company Secretary (Retired 23/9/2021)

A company associated with Mr Robert Hair is engaged to provide company secretarial, legal, risk management and compliance services to the Company under the following terms and conditions:

- annual fee of $130,000 and reimbursement of all reasonable business expenses;
- entitled to receive options to acquire shares under the Hawsons Iron Option Plan;
- provision for three months' notice for termination;
- the contract is ongoing; and
- standard terms relating to confidentiality, conflicts of interest and representations and warranties.

Milestone #	Milestones	Options that vest if achieved
1 Any of the following:	ASX release of information that qualifies as DFS standard in relation to Hawsons; Hawsons having a market capitalisation of AUD $30million or more; Hawsons having a 20 Day VWAP of not less than 30 cents; Hawsons having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa.	200,000 options $0.20 exercise price
2 Any of the following:	Hawsons having secured funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $25 million, whichever is the lesser; Hawsons having a 20-day VWAP of not less than AUD 20 cents; Hawsons having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa of Hawsons product.	500,000 options $0.15 exercise price
3 Any of the following:	Hawsons releasing an ASX announcement to the market containing the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project; Hawsons having a 20-day VWAP of not less than AUD 50 cents; Hawsons achieving a market capitalisation of AUD $100 million or more; Hawsons having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa of Hawsons product.	625,000 options $0.25 exercise price
4 Any of the following:	Hawsons achieving a market capitalisation of $300 million or more: Completion of financing arrangements to construct the Hawsons Iron Project; Hawsons deciding to carry out the Hawsons Iron Project.	150,000 options $0.40 exercise price
5 Any of the following:	Hawsons commencing commercial production at Hawsons; Hawsons market capitalisation of $500 million or more.	200,000 options $0.50 exercise price

REMUNERATION REPORT (continued)

Details of Directors and Other Key Management Personnel

Directors

Name	Position	Period of directorship
Bryan Granzien	Executive Chairman	Appointed 29 December 2020 as Non-executive Chairman, appointed Executive Chairman 29 January 2021
Paul Cholakos	Non-executive Director	Appointed 2 April 2012
Jon Parker	Non-executive Director	Appointed 11 February 2021
Quentin Hill	Former Managing Director	Appointed 1 September 2013, resigned 29 January 2021
Linda Lau	Non-executive Director	Appointed 2 September 2020, resigned 8 February 2021
Peter Graham	Non-executive Chairman	Appointed 4 May 2020, resigned 29 December 2020

Key Management Personnel

Name	Position	Detail
Greg Khan	Chief Financial Officer | Company Secretary	CFO Appointed 14 June 2021 | Appointed Company Secretary 23/9/2021
Robert William Hair	Company Secretary	Appointed 1 October 2015, Retired 23/9/2021

Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

2021	**Short Term**				**Post-Employment**	**Share-based Payments**			
	Salary & Fees	Consulting Fees	Accrued Salary*	Leave benefits	Super-annuation	Options	**Total**	Perform-ance Related %	% consisting of equity
	$	$	$		$	$	$		
Directors									
Bryan Granzien	115,242	-	-	-	5,937	3,468	124,647	-	2.78%
Paul Cholakos	30,000	-	-	-	-	9,062	39,062	-	23.20%
Jon Parker	11,518	3,000	-	-	-	8,195	22,713	-	36.08%
Quentin Hill [1]	306,948	-	-	80,564	29,416	3,573	420,501	-	0.85%
Peter Graham [2]	30,500	-	-	-	-	-	30,500	-	0.00%
Linda Lau [3]	13,131	-	-	-	-	-	13,131	-	0.00%
Key Management Personnel									
Greg Khan	10,020	16,225	-	-	952	919	28,116	-	3.27%
Robert Hair [4]	93,917	-	-	-	-	2,696	96,613	-	2.79%
	611,276	**19,225**	**-**	**80,564**	**36,305**	**27,913**	**775,283**		

(1) Resigned 29 January 2021
(2) Resigned 29 December 2020
(3) Resigned 8 February 2021
(4) Retired 23 September 2021

REMUNERATION REPORT (continued)

2020	Short Term				Post-Employment	Share-based Payments			
	Salary & Fees	Consulting Fees	Accrued Salary*	Leave benefits	Superannuation	Options	**Total**	Performance Related %	% consisting of equity
	$	$	$		$	$	$		
Directors									
Quentin Hill	240,000	-	80,219	(2,190)	22,800	23,122	363,951	-	6.35%
Peter Graham [1]	10,000	-	-	-	-	-	10,000	-	-
Paul Cholakos	27,813	-	-	-	-	18,945	46,758	-	40.52%
Jon Parker [2]	23,113	-	-	-	-	16,497	39,610	-	41.65%
John Anderson [3]	36,039	-	-	-	3,424	-	39,463	-	-
Neil Williams [4]	18,750	-	-	-	1,781	25,016	45,547	-	54.92%
Key Management Personnel									
Robert Hair [5]	90,000	-	72,197	-	-	16,794	178,991	-	9.38%
	445,715	**-**	**152,416**	**(2,190)**	**28,005**	**100,374**	**724,320**		

* Payment of accrued salary is conditional upon Milestone 1 being achieved. Accrued back pay is calculated from the total commitment accrued at year end and adjusted for the probability that the employee may satisfy vesting requirements.

(1) Appointed 4 May 2020
(2) Resigned 4 May 2020
(3) Appointed 21 November 2019, resigned 23 April 2020
(4) Resigned 21 November 2019
(5) Retired 23 September 2021

Shares issued on exercise of remuneration options

No ordinary shares of Hawsons Iron Ltd were issued during the year on exercise of options granted.

Equity instruments issued as part of remuneration

Equity instruments are issued to Directors and executives as part of their remuneration. The equity instruments are not issued solely on performance criteria but are also issued to all Directors and executives of Hawsons Iron Limited to increase executive retention and goal congruence between executives, Directors and shareholders.

Director/Key Management Personnel shareholdings (number of shares, including NRE shares)

2021	Opening Balance at 1 July 2020	Acquired	Disposed	Other / (resigned)	Closing Balance at 30 June 2021
Directors					
Bryan Granzien	-	-	-	-	-
Paul Cholakos	-	2,038,141	-	-	2,038,141
Jon Parker	-	-	-	-	-
Quentin Hill[1]	3,812,500	-	-	(3,812,500)	-
Peter Graham [2]	-	-	-	-	-
Linda Lau [3]	-	-	-	-	-
Key Management Personnel					
Greg Khan	-	1,450,000		-	1,450,000
Robert Hair [4]	2,752,521	-	-	-	2,752,521
Total	6,565,021	3,488,141	-	(3,812,500)	6,240,662

(1) Resigned 29 January 2021. Includes 1,500,000 Escrowed NRE Shares.
(2) Resigned 29 December 2020
(3) Resigned 8 February 2021.
(4) Includes 1,500,000 Escrowed NRE Shares. No shares acquired during the period. Opening balance adjusted from 2,722,521 by 30,000 to reflect correct opening holding balance for 1 July 2020.Retired 23 September 2021.

REMUNERATION REPORT (continued)

Director/Key Management Personnel option holdings (number of options)

2021	Opening Balance at 1 July 2020	Granted as remuneration	Options Expired	Other / (resigned)	Closing Balance at 30 June 2021	Vested and exercisable
Directors						
Bryan Granzien	-	2,000,000	-	-	2,000,000	-
Paul Cholakos	2,200,000	-	-	-	2,200,000	-
Jon Parker	2,000,000	-	-	-	2,000,000	-
Quentin Hill [1]	3,500,000	-	-	(3,500,000)	-	-
Linda Lau [2]	-	-	-	-	-	-
Peter Graham [3]	-	-	-	-	-	-
Key Management Personnel						
Greg Khan	-	1,000,000	-	-	1,000,000	-
Robert Hair [4]	1,675,000	-	-	-	1,675,000	-
Total	9,375,000	3,000,000	-	(3,500,000)	8,875,000	-

(1) Resigned 29 January 2021
(2) Resigned 8 February 2021.
(3) Resigned 29 December 2020
(4) Retired 23 September 2021

Director/Key Management Personnel option holdings by Tranche

2021	Tranche 2	Tranche 11	Tranche 12	Tranche 13	Tranche 14	Tranche 19	Tranche 20	Tranche 21
Directors								
Bryan Granzien	-	-	-	-	-	1,000,000	1,000,000	-
Paul Cholakos	200,000	350,000	350,000	300,000	1,000,000	-	-	-
Jon Parker	-	350,000	350,000	300,000	1,000,000	-	-	-
Quentin Hill [1]	500,000	1,000,000	1,300,000	300,000	400,000	-	-	-
Key Management Personnel								
Greg Khan	-	-	-	-	-	-	-	1,000,000
Robert Hair [2]	200,000	500,000	625,000	150,000	200,000	-	-	-

(1) Resigned 29 January 2021
(2) Retired 23 September 2021

REMUNERATION REPORT (continued)

Option conditions:

Tranche #	Grant Date	Expiry Date	Exercise Price	Vesting Conditions
2	24 Nov 2016	24 Nov 2021	$0.20	*Any of the following:* ▪ ASX release of information that qualifies as DFS standard in relation to the Hawsons Iron Project; ▪ Market capitalisation of AUD$30 million or more; ▪ 20-day VWAP of not less than 30 cents; ▪ Secured binding offtake arrangements with one or more end users of the Hawsons Iron Project product or reputable trading houses, in respect of not less than 5 Mtpa.
11	15 Oct 2018	14 Oct 2023	$0.15	*Any of the following:* ▪ Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $25 million, whichever is the lesser; ▪ Hawsons Iron having a 20-day VWAP of not less than 20 cents; ▪ Hawsons Iron having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa.
12	15 Oct 2018	14 Oct 2023	$0.25	*Any of the following:* ▪ ASX Release to the market of the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project; ▪ Hawsons Iron having a 20-day VWAP of not less than 50 cents; ▪ Hawsons Iron having a market capitalisation of $100 million or more; ▪ Hawsons Iron having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa.
13	15 Oct 2018	14 Oct 2023	$0.40	*Any of the following:* ▪ Hawsons Iron market capitalisation of $300 million or more; ▪ Completion of financing arrangements to construct the Hawsons Iron Project; ▪ Decision to carry out the Hawsons Iron Project.
14	15 Oct 2018	14 Oct 2023	$0.50	*Any of the following:* ▪ Commencement of commercial production at Hawsons; ▪ Hawsons Iron market capitalisation of $500 million or more.
19	12 Apr 2021	12 Apr 2026	$0.05	*The following:* ▪ Hawsons Iron has secured the required funding to carry out the bankable feasibility study in respect of the Hawsons Iron Project (31.6million);
20	12 Apr 2021	12 Apr 2026	$0.06	*Any of the following:* ▪ Hawsons iron market capitalisation reaches $100,000,000; ▪ Hawsons Iron has cash or liquid assets to the value of $100,000,000 or more.
21	14 Jun 2021	14 Jun 2026	$0.20	*Any of the following:* ▪ Hawsons iron market capitalisation reaches $250,000,000; ▪ Hawsons Iron has successfully raised the funds required in the bankable feasibility raise (BFS)

REMUNERATION REPORT (continued)

Performance based remuneration granted and forfeited during the year:

	Long term incentive Options		
	Value granted	Value exercised	Value forfeited
	$	$	$
Directors			
Bryan Granzien	3,468	-	-
Key Management Personnel			
Greg Khan	919	-	-

Director/Key Management Personnel Transactions and Loans

There were no other transactions or loans with key management personnel during the year.

Relationship between remuneration and Company performance

The factors that are considered to affect shareholder return during the last 5 years are summarised below:

Measures	2021 $	2020 $	2019 $	2018 $	2017 $
Share price at end of financial year	0.177	0.020	0.055	0.071	0.061
Market capitalisation at end of financial year ($M)	83.23	5.50	15.13	14.14	10.34
Profit/(loss) for the financial year	(2,537,840)	(4,043,722)	(1,847,961)	(1,183,143)	(1,053,145)
Cash spend on exploration programmes	113,735	522,873	537,485	1,668,544	1,829,869
Director and other Key Management Personnel remuneration	775,283	721,320	801,260	620,220	424,634

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

The Company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the Company's shareholders.

No remuneration consultants were used in the 2021 financial year.

End of Remuneration Report

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor (BDO Audit Pty Ltd and its associated entities) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Taxation services – preparation of income tax return and other services	$9,539

AUDITOR'S INDEPENDENCE DECLARATION

The attached Auditor's Independence Declaration forms part of the Directors' Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in another section of this report.

EVENTS AFTER BALANCE SHEET DATE

Company name change: The Company changed its name from Carpentaria Resources Limited (ASX: CAP) to Hawsons Iron Limited (ASX: HIO), approved by shareholders at the Companies extraordinary general meeting (EGM) held on 10 August 2021.

Share Options: Additionally, shareholders approved the Hawsons Iron Option Plan as outlined in the notice of extraordinary general meeting. The main purpose of the Option Plan is to provide an additional incentive to Eligible Persons (being directors and other officers, employees, contractors and consultants of the Company and its subsidiaries) to provide dedicated and ongoing commitment and effort to the Company and to reward its Directors and other officers, employees, contractors and consultants for their efforts.

If Employee Options are exercised, this will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of Employee Options exercised. It will also increase the number of Shares that are on issue by the number of Employee Options exercised.

The EGM also approved the grant of options to the Directors as follows;

	Director Options Granted 10 August 2021		
	Quantity	Exercise Price	Tranche
Directors			
Bryan Granzien	1,000,000	$0.05	19
	1,000,000	$0.06	20
	2,000,000	$0.25	23
	2,000,000	$0.35	24
	2,000,000	$0.50	25

	Director Options Granted 10 August 2021		
	Quantity	Exercise Price	Tranche
Paul Cholakos	1,000,000	$0.15	22
	1,000,000	$0.25	23
	1,000,000	$0.35	24
	2,000,000	$0.50	25
Jon Parker	1,000,000	$0.15	22
	1,000,000	$0.25	23
	1,000,000	$0.35	24
	2,000,000	$0.50	25

Tranche #	Grant Date	Expiry Date	Exercise Price	Vesting Conditions
Tranche 19	12 Apr 2021	12 Apr 2026	$0.05	*The following:* ▪ Hawsons Iron has secured the required funding to carry out the bankable feasibility study in respect of the Hawsons Iron Project (31.6million).
Tranche 20	12 Apr 2021	12 Apr 2026	$0.06	*Any of the following:* ▪ Hawsons iron market capitalisation reaches $100,000,000; ▪ Hawsons Iron has cash or liquid assets to the value of $100,000,000 or more.
Tranche 22	10 Aug 2021	10 Aug 2026	$0.15	*The following:* ▪ the Company raising the funding to carry out the Hawsons BFS (estimated to be $35 million).
Tranche 23	10 Aug 2021	10 Aug 2026	$0.25	*The following:* ▪ completion of the Hawsons BFS.
Tranche 24	10 Aug 2021	10 Aug 2026	$0.35	*The following:* ▪ the raising by the Company of the capital cost to develop the Hawsons Iron Project commercially.
Tranche 25	10 Aug 2021	10 Aug 2026	$0.50	*The following:* ▪ the commencement of commercial production at the Hawsons Iron Project

The following conditions are applicable to each option Tranche granted to the Directors of the Company:

Exercise Period - Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

Notice of Exercise - The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Capital Raising: The Company subsequent to the end of the financial period carried out a fully underwritten capital raising of $35,596,844 through a fully underwritten placement and a 1 for 2.6 underwritten entitlements offer and private placement. The capital raising was executed at the offer price of $0.15 per share.

The funds raised through the private placement and the entitlements offer were received on 4 separate dates as outlined in the table herein:

Date	Issued Capital	Issued Shares
12/07/2021	$ 2,000,000	13,333,333
27/07/2021	$ 65,769	438,461
29/07/2021	$ 27,381,075	182,540,511
16/08/2021	$ 6,150,000	41,000,000
	$ 35,596,844	237,312,305
Costs	$ (1,991,856)	
Net Proceeds	$ 33,604,988	

Issued Fully Paid Ordinary Shares at reporting date:

Date	Issued shares
1/07/2021	470,240,645
12/07/2021	13,333,333
27/07/2021	438,461
29/07/2021	182,540,511
16/08/2021	41,000,000
31/08/2021	707,552,950

The funds will be used to complete the Hawsons Iron Project bankable feasibility study (BFS) including drilling, pilot plant run, engineering and design, environmental impact study and statutory approvals.

Consultant's Break Fee: A consultant was paid a break fee of $1,094,500 plus GST on the 24th of August 2021. The break fee was payable upon the commitment to undertake a bankable feasibility study (or equivalent) for the Hawsons Iron Project.

Signed in accordance with a resolution of the Board of Directors

Bryan Granzien
Executive Chairman
Dated 29 September 2021

Auditor's Independence Declaration

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DECLARATION OF INDEPENDENCE BY K L COLYER TO THE DIRECTORS OF HAWSONS IRON LIMITED (FORMERLY CARPENTARIA RESOURCES LIMITED)

As lead auditor of Hawsons Iron Ltd (formerly Carpentaria Resources Limited) for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Hawsons Iron Limited (formerly Carpentaria Resources Limited) and the entities it controlled during the period.

KL Colyer

K L Colyer
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2021

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Hawsons Iron Limited (HIO) aims to achieve appropriate standards of corporate governance and has established corporate governance policies and procedures, where practicable, consistent with the ASX Corporate Governance Council's *'Corporate Governance Principles and Recommendation – 4th Edition'* (**ASX Recommendations**), which were published in February 2019.

In ensuring appropriate standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical or provide the optimal result given the particular circumstances and structure of the Company. Nevertheless, the Board is committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which, unless otherwise stated, were in place during the whole of the period to the date of this statement.

Principle 1

Lay solid foundations for management and oversight

1.1 Roles and Responsibilities of the Board – followed

The Board is governed by the *Corporations Act 2001*, its formal constitution and by the ASX Listing Rules. The Board's primary role is to set policy regarding the affairs of the Company for the protection and enhancement of long-term Shareholder value.

The Board takes responsibility for the overall corporate governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting. In so doing, the Board acts in accordance with the Board Charter, which is published on the Company's website.

1.2 Director appointment – followed

HIO considers the character, experience and skillset as well as interests and associations of potential candidates for appointment to the Board and will conduct appropriate checks to verify the suitability of the candidate, prior to their election. HIO has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a Director, is disclosed in the notice of meeting provided to shareholders.

1.3 Written agreements of appointment – followed

The roles and responsibilities of Directors have been formalised in letters of appointment, which each Director has entered into. The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relation to committee work or any other special duties attaching to the position, reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, and insurance and indemnity entitlements.

1.4 Company Secretary – followed

The Company Secretary is accountable directly to the Board through the Chairman on all matters to do with the proper functioning of the Board. All Directors have access to the Company Secretary.

The appointment or removal of the Company Secretary is a matter for the Board.

1.5 Diversity policy – not followed

The Company is committed to creating a diverse working environment and culture.

However, given the size of the Company and scale of its operations, the Board is of the view that a written diversity policy with measurable objectives for achieving gender diversity is not required at this time. Further, as the Company has not established measurable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.

1.6 Board Reviews – not followed

The Remuneration Committee meets at least annually, and the recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high-quality Board and senior management team.

The Board recognises that as a result of the Company's size the assessment of the Board's overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

1.7 Management Reviews – followed

The Board evaluates the performance of the Chief Executive Officer, Chief Financial Officer and Company Secretary on a regular basis and encourages continuing professional development. A review is conducted in association with the annual audit.

Principle 2

Structure Board to add value

2.1 Nomination committee – not followed

The Company does not have a Nomination Committee.

Whilst not having a nomination committee is at variance with the ASX Recommendations, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

2.2 Board skills matrix – followed

The Company has a formal Board skills matrix.

The Board Charter provides that the Board will regularly review the appropriate mix of skills and expertise to facilitate successful strategic direction.

In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgment, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.

The Company provides details of each Director, such as their skills, experience and expertise relevant to their position, in the Directors' Report in the Annual Report and also provides these details on its website.

2.3 Details of Independent Directors – followed

The Board for much of the 2020/2021 financial year consisted of four Directors, two of whom were independent Non-executive Directors. The names of the Directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of each Annual Report.

For part of the year, HIO had only one independent Director. However, since the appointment to the Board of Mr Jon Parker in February 2021, there have been two independent Non-executive Directors, and it is planned to ensure that there are at least two independent Non-executive Directors on the Board at all times.

The Company has had no relationships with either of the independent Directors which the Company believes would compromise the independence of these Directors.

2.4 Composition of the Board – partially followed

The Company's constitution and the Corporations Act 2001 specify that the number of Directors must be at least three. The Board may at any time appoint a Director to fill a casual vacancy. Directors appointed by the Board are subject to election by Shareholders at the following annual general meeting and thereafter Directors (other than the Managing Director or Executive Chairman) are subject to re-election at least every three years. The tenure for Executive Directors is linked to their holding of executive office.

The Board for much of the 2020/2021 financial year consisted of four directors, one of whom was an independent Non-executive Director. Steps were taken during the year to rectify this situation, and two of the non-independent Non-executive Directors resigned accordingly. Since the appointment to the Board of Mr Jon Parker in February 2021, there have been two independent Non-executive Directors, and it is planned to ensure that there are at least two independent Non-executive Directors on the Board at all times.

The Company as at the date of this statement has two independent Non-executive Directors.

2.5 The Chairman – not followed

The Chairman for most of the financial year was not an independent Director. For part of the year, the role of Chairman of the Board was separate from that of the Managing Director, who was responsible for the day-to-day management of the Company. This was in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

The Chairman for the first half of the financial year was a Non-executive Director who was not independent. Furthermore, the roles of Chairman of the Board and Chief Executive Officer are now held by Mr Bryan Granzien. Whilst this is at variance with the ASX Recommendations, the Directors consider that at the date of this report the structure of the Board is appropriate to carry out the Company's immediate plans. The Board will review this situation in the coming months.

2.6 Board induction and professional development – followed

An induction process including appointment letters exists to promote early, active and relevant involvement of new members of the Board. All HIO Directors are encouraged to further their knowledge through ongoing professional development through professional industry, governance and government bodies.

Principle 3

Instil a culture to act ethically and responsibly

3.1 Articulate and disclose Company values

The Company has articulated the values that it seeks to instil in its people, and a statement of its values is published on the Company's website.

3.2 Code of conduct – followed

The Company aims for a high standard of corporate governance and ethical conduct by Directors and employees.

All Directors have signed deeds with the Company, which require them to comply with all the obligations of a director under the Corporations Act 2001. Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with section 195 of the Corporations Act 2001, a Director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter, subject to the discretion of the Board.

All Directors are required to provide the Company with details of all securities registered in the Director's name or an entity in which the Director has a relevant interest.

Directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. The Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possesses information that is not generally available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available.

The Company has a code of conduct with which Directors, senior executives and employees must comply. The code of conduct is published on the Company's website.

3.3 Whistleblower policy – followed

The Company has a whistleblower policy, which is published on the Company's website.

3.4 Anti-bribery and corruption policy – followed

The Company has an anti-bribery and corruption policy, which is published on the Company's website.

Principle 4

Safeguard integrity in corporate reporting

4.1 Audit committee – partially followed

HIO has an Audit Committee, which was established to oversee corporate governance, internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

For much of the 2020-2021 financial year, the Audit Committee comprised of two Directors only one of whom was independent. At the time of this statement, it comprises of two independent Non-executive Directors. Whilst having only two members is at variance with the ASX Recommendations, the Directors consider that at the date of this report the structure of the Board is appropriate to carry out the Company's immediate plans. The Board will review this situation in the coming months.

The Committee reports to the Board. The Executive Chairman, Company Secretary, Chief Financial Officer and external auditor may, by invitation, attend meetings at the discretion of the Committee.

The Audit Committee charter is published on the Company's website.

4.2 CEO and CFO financial statements declaration – followed

The Chief Executive Officer and Chief Financial Officer are required to provide written declarations under section 295A of the Corporations Act 2001 that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true an fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. Both the Executive Chairman and Chief Financial Officer provide said assurances at the time the section 295A declarations are provided to the Board.

4.3 Disclose integrity verification process for corporate reporting - followed

The Company has a process to verify the integrity of quarterly reports and other unaudited reports to the market. The Company Secretary, in association with the Executive Chairman, ensure that such reports are accurate and not misleading and circulate such reports to the Board before they are released on ASX.

Principle 5

Making timely and balanced disclosure

5.1 Continuous disclosure policy – followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the ASX and ASIC and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website; and
- disclosure of the Company's corporate governance practices and communications strategy on the Company website.

The Company has a formal continuous disclosure policy, which is published on its website.

5.2 Circulation of market announcements to the Board – followed

The Board receives a copy of all announcements made to the market.

5.3 Release to the market of new and substantive presentations – followed

Where the Company gives a new and substantive investor or analyst presentation it releases a copy of the presentation materials on the ASX platform ahead of the presentation.

Principle 6

Respect the rights of shareholders

6.1 Information on website – followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and aims to ensure that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

6.2 Investor relations programme – not followed

Due to the size of the Company, the Board does not believe that a documented or formalised investor programme is required. The Company actively engages with investors at the Annual General Meeting and responds to enquiries made from time to time.

6.3 Security holder participation at meetings – followed

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

6.4 Deciding substantive resolutions by a poll – partially followed

The Company ensures that resolutions at shareholder meetings are decided by a poll to the extent that it is required to do so in accordance with the ASX Listing Rules. All resolutions involving approvals for the purposes of the ASX Listing Rules are decided by a poll.

6.5 Facilitate security holder communications – followed

The Company provides its investors the option to receive communications from and send communications to the Company and the share registry electronically.

Principle 7

Recognise and manage risks

7.1 Risk committee – not followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, title, native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed.

The Board does not at this point have a separately constituted risk committee. The Board considers that consideration of risk at this stage of the Company's development is dealt with effectively by the Audit Committee and the Board itself.

7.2 Risk assessment and management – followed

The Board with the assistance of the Audit Committee conducts a formal review of the risk profile of the Company annually and monitors risk informally throughout the year. A review was conducted in association with the annual audit. Furthermore, risk assessment is an agenda item for all regular Board meetings.

7.3 Internal Audit function – not followed

The Company does not have an internal audit function and does not believe that the size and nature of the Company warrants establishment of said function at this time. The Board with the assistance of the Audit Committee conducts a formal review of the risk profile of the Company annually and monitors risk informally throughout the year. A review was conducted in association with the annual audit.

7.4 Economic, environmental and social risks – followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, heritage and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risks is presented to the Board.

Principle 8

Remunerate fairly and responsibly

8.1 Remuneration committee – partially followed

For much of the 2020-2021 financial year, the Remuneration Committee comprised of two Non-executive Directors, only one of whom was independent. For some of the year, it comprised of two members, both of whom were independent Non-executive Directors. At the time of this statement, it comprises of two members (Mr Granzien chairman and Mr Cholakos), and only one is independent. Whilst having only two members is at variance with the ASX Recommendations, the Directors consider that at the date of this report the structure of the Board is appropriate to carry out the Company's immediate plans. The Board will review this situation in the coming months.

The Committee has a formal charter.

8.2 Executive and Non-executive Director remuneration policy – followed

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors is to be fixed from time to time by a general meeting. Directors may apportion any amount up to this maximum amount amongst the non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors.

The remuneration of the Chief Executive Officer is determined by the Board, taking into account the recommendations of the Remuneration Committee, as part of the terms and conditions of his employment, which are subject to review from time to time. The remuneration of employees is determined by the Executive Chairman, subject to the approval of the Board.

8.3 Equity-based remuneration scheme – not followed

The Company does not have an equity-based remuneration scheme.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Other income		16,620	2,245
Employment benefit expenses	20	(283,246)	(750,089)
Depreciation and amortisation expense		(1,827)	(2,973)
Project generation and business development expenses		(448,209)	(763,224)
Legal, audit and taxation services		(145,833)	(280,820)
Share registry, ASX and ASIC expenses		(129,020)	(65,363)
Impairment of exploration expenditure	4	-	(1,226,509)
Consultants' expenses	3	(1,419,148)	(760,646)
Other		(127,177)	(196,343)
Loss before income tax		(2,537,840)	(4,043,722)
Income tax expense/(benefit)	10	-	-
Loss after income tax expense		(2,537,840)	(4,043,722)
Other comprehensive income		-	-
Total comprehensive income		**(2,537,840)**	**(4,043,722)**

		Cents	Cents
Loss per share			
Basic and diluted loss per share	11	(0.67)	(1.5)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Balance Sheet
As at 30 June 2021

	Note	2021 $	2020 $
CURRENT ASSETS			
Cash and cash equivalents	2	2,349,451	716,317
Trade and other receivables		32,928	39,135
Other current assets		14,951	8,182
TOTAL CURRENT ASSETS		2,397,330	763,634
NON-CURRENT ASSETS			
Security Deposits		48,409	38,409
Plant and equipment		3,240	4,204
Exploration and evaluation assets	4	15,895,346	4,437,598
TOTAL NON-CURRENT ASSETS		15,946,995	4,480,211
TOTAL ASSETS		18,344,325	5,243,845
CURRENT LIABILITIES			
Trade payables	5	62,814	127,137
Other payable	3	1,875,535	608,517
Provisions	6	5,620	473,750
TOTAL CURRENT LIABILITIES		1,943,969	1,209,404
TOTAL LIABILITIES		1,943,969	1,209,404
NET ASSETS		16,400,356	4,034,441
EQUITY			
Share capital	7	42,878,633	28,166,109
Share based payment reserve	8	2,580,242	2,389,011
Accumulated losses		(29,058,519)	(26,520,679)
TOTAL EQUITY		16,400,356	4,034,441

The Consolidated Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

Consolidated Entity	Share Capital	Share based payment reserve	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2019	28,166,109	2,185,147	(22,525,596)	7,825,660
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Costs of raising capital	-	-	-	-
Transfer of expired options	-	(48,639)	48,639	-
Consultants share-based payments	-	152,129	-	152,129
Employee share options – value of employee services	-	100,374	-	100,374
	-	203,864	48,639	252,503
Comprehensive income				
Loss after income tax	-	-	(4,043,722)	(4,043,722)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(4,043,722)	(4,043,722)
Balance at 30 June 2020	**28,166,109**	**2,389,011**	**(26,520,679)**	**4,034,441**
Balance at 1 July 2020	28,166,109	2,389,011	(26,520,679)	4,034,441
Transactions with owners in their capacity as owners				
Issue of share capital	15,021,668	-	-	15,021,668
Costs of raising capital	(309,144)	-	-	(309,144)
Transfer of expired options	-	-	-	-
Consultants share-based payments	-	152,129	-	152,129
Employee share options – value of employee services	-	39,102	-	39,102
	14,712,524	191,231	-	14,903,755
Comprehensive income				
Loss after income tax	-	-	(2,537,840)	(2,537,840)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(2,537,840)	(2,537,840)
Balance at 30 June 2021	**42,878,633**	**2,580,242**	**(29,058,519)**	**16,400,356**

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Cash Flow Statement
For the year ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,686,191)	(1,787,245)
COVID-19 Wage subsidy		50,000	-
Interest received		535	2,245
Net cash used in operating activities	2	(1,635,656)	(1,785,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(2,232)	-
Proceeds from sale of property, plant and equipment		16,244	-
Payments for exploration and evaluation assets		(127,747)	(522,873)
Net cash used in investing activities		(113,735)	(522,873)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	7	3,691,668	-
Costs associated with the issue of shares	7	(309,143)	-
Net cash provided by financing activities		3,382,525	-
Net decrease in cash and cash equivalents		1,633,134	(2,307,873)
Cash and cash equivalents at the beginning of the financial year		716,317	3,024,190
Cash and cash equivalents at the end of the financial year	**2**	**2,349,451**	**716,317**

The Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

This financial report covers the Consolidated Entity of Hawsons Iron Limited, formerly Carpentaria Resources Limited (the "Company" or "Parent" or "Hawsons") and its controlled entities (together referred to as the "Consolidated Entity" or "Group"). Hawsons Iron Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Operations and principal activities
The principal activity of the Consolidated Entity is mineral exploration.

Currency
The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Parent.

Authorisation of financial report
The financial report was authorised for issue on 29 September 2021.

COVID-19 Impacts
Hawsons Iron Limited remained relatively unaffected during the period by COVID-19. Staff worked remotely when possible and followed enhanced social distancing and health and safety procedures when at the workplace. The Company did not receive any subsidies beyond the universally available ATO cashflow boost scheme ($50,000), recognised directly with employee benefits expense (refer note 20).

The Company is not expecting any significant impacts in the coming year.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for the purpose of preparing the financial statements

Compliance with IFRS
The consolidated financial statements of the Hawsons Iron Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial statements have been prepared on an accruals basis and are based on historical costs, modified by the measurement at fair value of other payables.

Critical accounting estimates and judgements
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Consolidated Entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period and future periods if the revision affects both current and future periods. The following estimates and judgements were used for the current financial year:

Employee share based payments:
The Consolidated Entity initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent upon the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield, milestone achieved and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consultants' expenses:
The Consolidated Entity has made estimates for the deferred success fee that is to be paid to a strategic consultant if certain project milestones are met. Estimating the deferred success fee requires determination of the probability that the project milestones will be achieved. Refer to Note 3 for further details.

Classification of joint arrangements
The joint venture agreements in relation to the Hawsons Iron Project require unanimous consent from all parties for specific relevant activities. The two parties have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the project. This entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Accounting policies

(a) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(b) Impairment of Non-Financial Assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(c) Financial Instruments

(i) Financial assets

The Consolidated Entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The Consolidated Entity has cash and cash equivalents and trade and other receivables as financial assets. Consequently, the measurement category most relevant to the group is as follows:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Impairment
The Consolidated Entity assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Consolidated Entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial Liabilities
The Consolidated Entity's financial liabilities are measured at amortised cost and other payables (consulting fee payables) are measured at fair value through profit or loss. The group has trade payables and other payables as financial liabilities.

Fair Values

The fair values of Consolidated Entity's financial assets and financial liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations applied for the first time during the year, but these changes did not have an impact on the Consolidated Entity's financial statements and hence, have not been disclosed.

New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's has assessed the impact of these new standards that are not yet effective and determined that they are not expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Going Concern

As at 30 June 2021 the Consolidated Entity had cash reserves of $2,349,451, net current assets of $453,361 and net assets of $16,400,356.

The Consolidated Entity incurred a loss of $2,537,840 the year ended 30 June 2021 and had a net outflow of $1,635,656 of cash from operational activities.

The Consolidated Entity requires further capital to fund future exploration activity and meet other necessary corporate expenditure. The Consolidated Entity does not expect the COVID-19 pandemic to adversely impact its ability to raise further capital.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Consolidated Entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities, and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities;
    - The Company subsequent to the end of the financial period carried out a fully underwritten capital raising of $35,596,844 through a fully underwritten placement and a 1 for 2.6 underwritten entitlements offer and private placement of 237,312,305 shares. The capital raising was executed at the offer price of $0.15 per share with a placement of 237,312,305 ordinary shares.
- The Directors believe there is sufficient cash available for the Consolidated Entity to continue operating based on the Company's cash flow forecast.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

	2021 $	2020 $

NOTE 2 CASH & CASH FLOW INFORMATION

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

Cash flows are presented in the consolidated cash flow statement on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flows.

Reconciliation of loss after income tax to net cash outflow from operating activities

	2021 $	2020 $
Loss after income tax	(2,537,840)	(4,043,722)
Depreciation and amortisation	1,827	2,973
Share-based payments	39,102	252,503
(Gains)/Losses on sale of PPE	(14,876)	
Impairment of exploration expenditure	-	1,226,509
Change in operating assets and liabilities		
(Increase)/decrease in receivables	6,207	(9,506)
(Increase)/decrease in other assets	(16,768)	29,710
(Decrease)/increase in trade payables and accruals	(64,325)	40,132
(Decrease)/increase in other payables	1,419,148	608,236
(Decrease)/increase in provisions	(468,131)	108,165
Net cash outflow from operating activities	(1,635,656)	(1,785,000)

Reconciliation of cash

Cash at the end of the financial period as shown in the consolidated cash flow statement is reconciled to items in the consolidated balance sheet as follows:

	2021 $	2020 $
Cash on hand and at bank	2,333,556	700,422
Cash on deposit	15,895	15,895
	2,349,451	716,317

Non-Cash Financing activities

	2021 $	2020 $
Shares were issued as consideration for additional 24.149% interest in Hawsons Iron Project joint operation (representing increase in investment in Exploration and Evaluation assets)	11,330,000	-

NOTE 3 CONSULTANTS EXPENSES

In 2013, the Company entered into an agreement with a consultant to provide financial modelling, financing negotiation support and other related services for the Hawsons Iron Project. The consultant provided these services to the Company at a discounted rate on the basis that a success fee of 5 times the foregone fees would be payable upon the first sale of iron ore/concentrate from the Hawsons Iron Project ("foregone fees"). The gross amount of the foregone fees at 30 June 2021 was $1,945,087.

In 2019, the Company entered into another agreement with the consultant to assist the Company to obtain the necessary equity and other funding to carry out a bankable feasibility study in respect of the Hawsons Iron Project. In the event the consultancy relationship service was terminated by the Company without cause, the Company must pay the consultant a fee ("Break Fee") equal to the greater of:

- 0.25% of the debt funds arranged by the consultant; or
- a break fee being the cumulative sum calculated by multiplying the number of hours worked by the consultant from each month from July 2018 until termination of the consultancy by $1,000 less the fees paid to the consultant over that period. The break fee is payable upon the commitment to undertake a bankable feasibility study (or equivalent) for the Hawsons Iron Project should the consultancy arrangement be terminated without cause before such commitment or otherwise at financial investment decision for the development of the Hawsons resource.

The gross amount of the break fee at 30 June 2021 and 30 June 2020 was $1,097,500.

On 21 January 2020, the Company entered into a further agreement with the consultant which provided as follows. In the event that a takeover bid is made under Chapter 6 of the Corporations Act for the ordinary shares in the Company and the consultant believes reasonably that the bid will be successful and result in a change of control of the Company, then the consultant may serve notice upon the Company that it wishes to receive the Foregone Fee (together with the Break Fee that the consultant would be entitled to if the Company were to terminate the consultancy arrangement without cause before a termination event) by payment in HIO shares. In such event, the Company must to the extent that it can do so in compliance with the ASX Listing Rules (in particular Chapter 7) allot and issue to the consultant or its nominee the number of fully-paid ordinary shares that is equal in value to the Foregone Fee plus the Break Fee, with each HIO share having a price equal to the prevailing price at which the takeover bid will succeed and do so in such time that the consultant may accept the offer. In the event that the takeover bid is withdrawn before completion, then the Company's obligation to pay the Foregone Fee and Break Fee in HIO shares will for the purposes of that takeover bid cease to exist. In the event that there is more than one concurrent takeover bid, the pricing of the HIO shares will be based on the bid that involves the highest offer price.

As a result of the 21 January 2020 agreement the consultant became entitled, in certain circumstances, to an equity settled share-based payment (as noted above). As such, the accounting for the arrangement is now based on the requirement of AASB2 Share-Based Payments applicable to compound instruments as follows:

- For the equity-settled share-based payment (the right to shares as noted above) the Company measures the fair value of the equity instruments granted at the grant date or the date the services are rendered taking the potential gross amount payable into account. The impact of non-vesting conditions (being the takeover bid described above). The Company recognises the expense at grant date and/or as services are received, as appropriate, with a corresponding credit to the share-based payment reserves.
- The right to cash, in certain circumstances, is recognised as a cash-settled share-based payment. In this regard, the Company recognises the expense at grant date and/or as services are received, as appropriate, with a corresponding credit as a liability. The liability is measured at fair value taking into account the potential gross amount payable and the impact of non-vesting conditions (being the success conditions of the first sale of iron ore and/or a commitment to undertake a bankable feasibility study).

The liability and equity-settled share-based payment recognised at 30 June 2021 were as follows:

	2021 $	2020 $
Fair value of liability recognised (disclosed as other payable)	1,875,535	608,517
Fair value share-based payment recognised in equity	304,259	152,129
Fair value loss recognised directly in statement of comprehensive income		
- Other Payables	1,267,018	608,517
- Share-based payment reserve	152,130	152,129
Total recognised as consultants expense in statement of comprehensive income	1,419,148	760,646

The consultant was paid $1,094,500 plus GST on the 24th of August 2021. The break fee was payable upon the commitment to undertake a bankable feasibility study (or equivalent) for the Hawsons Iron Project.

NOTE 4 EXPLORATION AND EVALUATION ASSETS

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest.

Exploration costs are capitalised only when the Consolidated Entity has either a granted tenement in its name or an interest through a joint venture arrangement.

Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or sale of the respective area of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

During the period 1 July to 30 June 2020 the Consolidated Entity impaired all exploration projects to nil except for the Hawsons Iron Project. All other projects will be either relinquished or transferred to other parties. There was no impairment of exploration expenditure necessary for the period 1 July 2020 to 30 June 2021.

	2021 $	2020 $
Opening balance	4,437,598	5,141,234
Additional share of joint operation - Hawsons Iron Project(1)	11,330,000	-
Capitalised expenditure	127,748	522,873
Impairment of exploration expenditure	-	(1,226,509)
	15,895,346	4,437,598

(1) On 24 May 2021, the group finalised a transaction to acquire an additional 24.149% interest in the Hawsons Iron Project. Shares were issued as consideration in 2 tranches- refer to note 7, for total consideration of $11,330,000.

NOTE 5 TRADE PAYABLES

Trade payables	38,102	99,931
Accrued expenses	24,712	27,206
	62,814	127,137

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Accrued expenses generally arise from normal transactions within the usual operating activities of the group and comprise items such as employee taxes, employee on costs and other recurring items.

NOTE 6 PROVISIONS

Accrued back pay(1)	-	386,170
Employee benefits	5,620	87,580
	5,620	473,750

(1) As part of their employment contracts previous Managing Director Quentin Hill and Company Secretary Bob Hair were entitled to retrospective increases to their base salary on achieving the below project milestone:

Milestone	Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $25 million, whichever is the lesser:
Any of the following -	- Carpentaria having a 20-day VWAP of not less than 20 cents; - Carpentaria having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa.

A provision was booked for accrued back pay arising from services rendered by the employees, calculated by the total commitment accrued at year end and adjusted for the probability that the employee may satisfy vesting requirements. On 10 December 2020 Quentin Hill and Bob Hair offered to forego the past and future accrual of the extra remuneration. This offer was accepted by the Company and consequently the previously accrued back pay liability has been reversed in the Consolidated Statement of Comprehensive Income.

	2021 $	2020 $
NOTE 7 SHARE CAPITAL		
Fully paid ordinary shares	42,878,633	28,166,109

Ordinary Shares

	2021 $	2020 $	2021 No.	2020 No.
At the beginning of the year	28,166,109	28,166,109	269,632,537	269,632,537
Shares issued [1]	15,021,668	-	200,608,108	-
Share issue costs	(309,144)		-	-
At reporting date	42,878,633	28,166,109	470,240,645	269,632,537
Non-recourse employee shares (NRE)				
At the beginning of the year	-	-	5,500,000	5,500,000
NRE shares issued	-	-	-	-
Transfer to treasury shares	-	-	-	-
At reporting date	-	-	5,500,000	5,500,000
Total Ordinary and NRE Shares	**42,878,633**	**28,166,109**	**475,740,645**	**275,132,537**

[1] *Shares issued during the year:*

Date	No. of shares	Details
8 October 2020	33,999,996 ordinary shares	Issued at $0.035 each
27 April 2021	75,808,112 ordinary shares	Issued at $0.033 each
18 May 2021	45,000,000 ordinary shares	Issued at $0.15 each. Shares were issued as consideration for additional 24.149% interest in Hawsons Iron Project joint operation
24 May 2021	45,800,000 ordinary shares	Issued at $0.10 each. Shares were issued as consideration for additional 24.149% interest in Hawsons Iron Project joint operation
Total	200,608,108 ordinary shares	

Issued and paid-up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

The Company has issued shares to employees and Directors under the Company's employee share plan. The shares have been issued in return for an interest free loan from the Consolidated Entity whereby the Consolidated Entity only has recourse to the shares. This issue of shares has been valued as an option grant in accordance with AASB2 "Share Based Payment". The shares are disclosed in the financial statements as non-recourse employee shares (NRE Shares).

Non-recourse employee (NRE) shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. NRE shares will not qualify for participation in any dividend reinvestment plan of the Company until the loan amount in respect of those shares has been repaid. The Company has a lien over the NRE shares in respect of which the loan amount is outstanding. The Company is entitled to sell any unpaid NRE shares in accordance with the HIO share plan.

NOTE 8 RESERVES

	2021 $	2020 $
Share based payment reserve	2,580,242	2,389,011
Share based payment reserve movements during the year		
Opening balance	2,389,011	2,185,147
Transfer to accumulated losses (expired options)	-	(48,639)
Share-based payment expense	191,231	252,503
Closing balance	2,580,242	2,389,011

Share based payment reserve
The share-based payments reserve is used to record the value of share-based payments provided to employees and consultants as part of their remuneration.

NOTE 9 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

NOTE 10 INCOME TAX

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, (except for a business combination) where there is no effect on accounting or taxable profit or loss.

NOTE 10 INCOME TAX (cont'd)	2021 $	2020 $

A reconciliation of income tax expense (benefit) applicable to accounting loss before income tax at the statutory income tax rate to income tax expense (benefit) recognised for the years ended 30 June 2021 and 2020 is as follows:

Accounting loss before income tax	(2,537,840)	(4,043,722)
Tax at the Australian tax rate of 26% (2020: 27.5%)	(659,642)	(1,112,024)
Non-deductible expenses	9,970	56,320
Non-assessable non-exempt income (cash-flow boost)	(13,000)	-
Other	23,481	-
Deferred tax assets not bought to account	638,191	1,055,704
Income tax	-	-
Recognised deferred tax assets		
Unused tax losses	1,139,875	1,175,011
Deductible temporary differences	1,461	443,397
	1,141,336	1,618,408
Recognised deferred tax liabilities		
Assessable temporary differences	1,141,336	1,618,408
	1,131,336	1,618,408
Net deferred tax recognised	-	-
Unrecognised temporary differences and tax losses		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	5,047,219	4,713,252
Unused capital losses for which no deferred tax asset has been recognised	391,467	430,614

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise these benefits.

NOTE 11 LOSS PER SHARE

The Consolidated Entity presents basic and diluted loss per share (LPS) data for its ordinary shares. Basic LPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding NRE shares. Diluted LPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Earnings used to calculate basic and dilutive loss per share	(2,537,840)	(4,043,722)

	2021 \#	2020 \#
Weighted average number of ordinary shares outstanding during the year	379,427,230	275,132,537
Adjustments for calculation of diluted loss per share - options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	379,427,230	275,132,537

Options, including in-substance options related to NRE shares, could potentially dilute basic loss per share in the future but were not included in the calculation of diluted earnings per share for 2021 or 2020 as they were anti-dilutive.
Subsequent to 30 June 2021 up to the date of authorisation of these consolidated financial statements, the Company issued 237,312,305 shares through private placement and entitlements offers. These transactions would have significantly changed the number of ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period. The issue of shares has not been retrospectively adjusted in the calculation of earnings per share.

NOTE 12 EMPLOYEE SHARE BASED PAYMENTS

Equity based instruments - Options

The Company has granted options over ordinary shares to employees (including Directors) in recognition of services provided to the Company. The options were granted for nil consideration and are not quoted on the ASX. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Information with respect to the number of options granted is as follows:

2021

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed during year	Balance at end of year	Vested and exercisable at end of year
2	24-Nov-16	24-Nov-21	$0.20	1,625,000	-	-	-	1,625,000	-
7	2-Jan-18	1-Jan-23	$0.15	500,000	-	-	-	500,000	-
8	2-Jan-18	1-Jan-23	$0.25	625,000	-	-	-	625,000	-
9	2-Jan-18	1-Jan-23	$0.40	150,000	-	-	-	150,000	-
10	2-Jan-18	1-Jan-23	$0.50	200,000	-	-	-	200,000	-
11	15-Oct-18	14-Oct-23	$0.15	2,200,000		-	-	2,200,000	-
12	15-Oct-18	14-Oct-23	$0.25	2,500,000		-	-	2,500,000	-
13	15-Oct-18	14-Oct-23	$0.40	1,400,000		-	-	1,400,000	-
14	15-Oct-18	14-Oct-23	$0.50	3,400,000		-	-	3,400,000	-
15	17-Mar-21	17-Mar-24	$0.15	-	200,000	-	-	200,000	-
16	17-Mar-21	17-Mar-24	$0.25	-	260,000	-	-	260,000	-
17	17-Mar-21	17-Mar-24	$0.40	-	365,000	-	-	365,000	-
18	17-Mar-21	17-Mar-24	$0.50	-	650,000	-	-	650,000	-
19	12-Apr-21	12-Apr-26	$0.05	-	1,000,000	-	-	1,000,000	-
20	12-Apr-21	12-Apr-26	$0.06	-	1,000,000	-	-	1,000,000	-
21	14-Jun-21	12-Apr-26	$0.20	-	1,000,000	-	-	1,000,000	-
				12,600,000	4,475,000	-	-	17,075,000	-
Weighted average exercise price				$0.31	$0.20			$0.28	

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.52 years.

2020

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed during year	Balance at end of year	Vested and exercisable at end of year
1	24 Nov 2016	24 Nov 2019	$0.10	1,155,000	-	-	(1,155,000)	-	-
2	24 Nov 2016	24 Nov 2021	$0.20	2,200,000	-	-	(575,000)	1,625,000	-
3	1 Dec 2017	30 Nov 2022	$0.15	250,000	-	-	(250,000)	-	-
4	1 Dec 2017	30 Nov 2022	$0.25	325,000	-	-	(325,000)	-	-
5	1 Dec 2017	30 Nov 2022	$0.40	75,000	-	-	(75,000)	-	-
6	1 Dec 2017	30 Nov 2022	$0.50	100,000	-	-	(100,000)	-	-
7	2 Jan 2018	1 Jan 2023	$0.15	500,000	-	-	-	500,000	-
8	2 Jan 2018	1 Jan 2023	$0.25	625,000	-	-	-	625,000	-
9	2 Jan 2018	1 Jan 2023	$0.40	150,000	-	-	-	150,000	-
10	2 Jan 2018	1 Jan 2023	$0.50	200,000	-	-	-	200,000	-
11	15 Oct 2018	14 Oct 2023	$0.15	2,200,000	-	-	-	2,200,000	-
12	15 Oct 2018	14 Oct 2023	$0.25	2,500,000	-	-	-	2,500,000	-
13	15 Oct 2018	14 Oct 2023	$0.40	1,400,000	-	-	-	1,400,000	-
14	15 Oct 2018	14 Oct 2023	$0.50	3,400,000	-	-	-	3,400,000	-
				15,080,000	-	-	(2,480,000)	12,600,000	-
Weighted average exercise price				$0.29	-	-	-	$0.31	-

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.96 years.

NOTE 12 EMPLOYEE SHARE BASED PAYMENTS (cont'd)

<u>Fair value of options granted</u>
The assessed fair value at the date of grant of options issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the option, the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument. The value of the options was calculated using the inputs shown below:

Inputs into pricing model	Tranche 2
Grant date	24 November 2016
Exercise price	$0.20
Vesting conditions	- ASX release of information that qualifies as DFS standard in relation to the Hawsons Iron Project; - Market capitalisation of AUD$30 million or more; - 20-day VWAP of not less than 30 cents; - Secured binding offtake arrangements with one or more end users of the Hawsons Iron Project product or reputable trading houses, in respect of not less than 5 Mtpa.
Share price at grant date	$0.05
Life of the options	5 years
Underlying share price volatility	83%
Expected dividends	Nil
Risk free interest rate	1.70%
Pricing model	Trinomial
Fair value per option	$0.0216

Inputs into pricing model	Tranches 7	Tranche 8	Tranche 9	Tranche 10
Grant date (7)	2 January 2018	2 January 2018	2 January 2018	2 January 2018
Exercise price	$0.15	$0.25	$0.40	$0.50
Vesting conditions	Milestone 1	Milestone 2	Milestone 3	Milestone 4
Share price at grant date	$0.11	$0.11	$0.11	$0.11
Life of the options	5 years	5 years	5 years	5 years
Underlying share price volatility	78%	78%	78%	78%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	2.29%	2.29%	2.29%	2.29%
Pricing model	Binomial	Binomial	Binomial	Binomial
Fair value per option	$0.0636	$0.0522	$0.0419	$0.0371

Inputs into pricing model	Tranche 11	Tranche 12	Tranche 13	Tranche 14
Grant date	15 October 2018	15 October 2018	15 October 2018	15 October 2018
Exercise price	$0.15	$0.25	$0.40	$0.50
Vesting conditions	Milestone 1	Milestone 2	Milestone 3	Milestone 4
Share price at grant date	$0.088	$0.088	$0.088	$0.088
Life of the options	5 years	5 years	5 years	5 years
Underlying share price volatility	77%	77%	77%	77%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	2.29%	2.29%	2.29%	2.29%
Pricing model	Binomial	Binomial	Binomial	Binomial
Fair value per option	$0.0463	$0.0384	$0.0299	$0.0261

NOTE 12 EMPLOYEE SHARE BASED PAYMENTS (cont'd)

Inputs into pricing model	Tranche 15	Tranche 16	Tranche 17	Tranche 18
Grant date	17 March 2021	17 March 2021	17 March 2021	17 March 2021
Exercise price	$0.15	$0.25	$0.40	$0.50
Vesting conditions	Milestone 1	Milestone 2	Milestone 3	Milestone 4
Share price at grant date	$0.037	$0.037	$0.037	$0.037
Life of the options	3 years	3 years	3 years	3 years
Underlying share price volatility	89.6%	89.6%	89.6%	89.6%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	0.71%	0.71%	0.71%	0.71%
Pricing model	Binomial	Binomial	Binomial	Binomial
Fair value per option	$0.0097	$0.0074	$0.0048	$0.0038

Milestone 1 **Any of the following -**	• Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $25 million, whichever is the lesser: • Hawsons Iron Ltd having a 20-day VWAP of not less than 20 cents; • Hawsons Iron Ltd having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa.
Milestone 2 **Any of the following -**	• ASX Release to the market of the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project: • Hawsons Iron Ltd having a 20-day VWAP of not less than 50 cents; • Hawsons Iron Ltd market capitalisation of $100 million or more; • Hawsons Iron Ltd having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa.
Milestone 3 **Any of the following -**	• Hawsons Iron Ltd market capitalisation of $300 million or more: • Completion of financing arrangements to construct the Hawsons Iron Project; • Decision to carry out the Hawsons Iron Project.
Milestone 4 **Any of the following -**	• Commencement of commercial production at Hawsons: • Carpentaria market capitalisation of $500 million or more.

Inputs into pricing model	Tranche 19	Tranche 20	Tranche 21
Grant date	12 April 2021	12 April 2021	14 June 2021
Exercise price	$0.05	$0.06	$0.20
Vesting conditions	Secure the funding to carry out the bankable feasibility funding in regard to the Hawsons Iron Project (31.6m)	The company market capitalisation reaches $100,000,000 or; The company has liquid assets to the value of $100,000,000 or more	The company has successfully raised the funds in the bankable feasibility raise (BFS) or The company's market capitalisation reaches $250,000,000
Share price at grant date	$0.038	$0.038	$0.145
Life of the options	5 years	5 years	5 years
Underlying share price volatility	84%	84%	88%
Expected dividends	Nil	Nil	Nil
Risk free interest rate	0.69%	0.69%	0.72%
Pricing model	Black Scholes	Binomial	Black Scholes
Fair value per option	$0.0231	$0.0217	$0.0911

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

NOTE 12 EMPLOYEE SHARE BASED PAYMENTS (cont'd)

Equity based instruments – Director and Employee Shares with Non-Recourse Loans

The Company has issued ordinary shares to Directors and employees pursuant to the HIO Employee Share Plan. The shares have been issued in return for an interest free loan from the Consolidated Entity whereby the Consolidated Entity only has recourse to the shares. This issue of shares has been treated as an *option* grant in accordance with AASB2 "Share Based Payment". In line with AASB2 "Share Based Payment", the related expense for the shares is recorded from the date that agreement with the employee is met. Information with respect to the number of Director and employee shares with non-recourse loans granted is as follows:

2021

Tranche	Grant Date	Escrow Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed/ transferred during year	Balance at end of year	Exercisable at end of year
Director 1	31 May 2011	31 May 2012	$0.48	750,000	-	-	-	750,000	750,000
Director 2	31 May 2011	31 May 2013	$0.48	750,000	-	-	-	750,000	750,000
Employee 1	1 March 2011	2 March 2013	$0.60	2,100,000	-	-	-	2,100,000	2,100,000
Employee 2	5 July 2013	5 July 2013	$0.30	1,900,000	-	-	-	1,900,000	1,900,000
				5,500,000	-	-	-	5,500,000	5,500,000
Weighted average exercise price				0.47	-	-	-	0.47	0.47

2020

Tranche	Grant Date	Escrow Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed/ transferred during year	Balance at end of year	Exercisable at end of year
Director 1	31 May 2011	31 May 2012	$0.48	750,000	-	-	-	750,000	750,000
Director 2	31 May 2011	31 May 2013	$0.48	750,000	-	-	-	750,000	750,000
Employee 1	1 March 2011	2 March 2013	$0.60	2,100,000	-	-	-	2,100,000	2,100,000
Employee 2	5 July 2013	5 July 2013	$0.30	1,900,000	-	-	-	1,900,000	1,900,000
				5,500,000	-	-	-	5,500,000	5,500,000
Weighted average exercise price				0.47	-	-	-	0.47	0.47

The value of the Director and Employee Shares with Non-Recourse Loans was calculated by using the Black-Scholes pricing model applying the inputs shown below:

Inputs into pricing model	Director 1	Director 2	Employee 1	Employee 2
Grant date	31 May 2011	31 May 2011	1 March 2011	5 July 2013
Vesting date	31 May 2011	31 May 2011	1 March 2011	5 July 2013
Exercise price	$0.48	$0.48	$0.60	$0.30
Share price at grant date	$0.51	$0.51	$0.66	$0.19
Life of the options	1 year	2 years	2 years	3 years
Underlying share price volatility	54%	54%	54%	88%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	4.68%	4.68%	4.68%	2.82%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Expenses arising from employee share-based payment transactions

Total expenses arising from employee share-based payment transactions recognised during the period as part of employment benefit expenses and project generation and business development expenses were as follows:

	2021	2020
	$	$
Options	39,102	100,374

NOTE 13 RELATED PARTY and KEY MANAGEMENT PERSONNEL

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Key management personnel compensation

Key management personnel comprise Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

Summary	2021 $	2020 $
Short-term employee benefits	711,065	595,941
Post-employment benefits	36,305	28,005
Share-based payments	27,913	100,374
	775,283	724,320

Detailed remuneration disclosures are provided in the remuneration report (within the Directors' Report).

Amounts Owed to Key Management Personnel and Other Related Parties

There were no amounts payable to Directors, key management personnel or other related parties at 30 June 2021 (2020: $Nil).

Transactions with Related Parties

There were no other transactions between the Consolidated Entity and its related parties during the year (2020: nil).

NOTE 14 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

There have been no substantive changes in the Consolidated Entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board is responsible for managing the Consolidated Entity's identification and control of financial risks and for evaluating treasury management strategies in the context of the most recent economic conditions and forecasts.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

(a) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2021 (2020: nil).

Credit risk is reviewed regularly by the Board. It arises from deposits with financial institutions. The Consolidated Entity does not have any material credit risk exposure.

Maximum exposure to credit risk

	2021 $	2020 $
Non-trade receivables	71,337	69,710
Cash and cash equivalents	2,349,451	716,317
	2,420,788	786,027

Credit risk - Cash and cash equivalents

The counterparty to these financial assets is Westpac a large financial institution with a strong credit rating.

Credit risk - Receivables

Amounts owed to the Company comprise GST receivables and receivables in relation to security bonds for exploration tenements.

NOTE 14 FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board. The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained.

The table below reflects the contractual maturity financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2021. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	2021 $	2020 $
Less than one year		
Trade payables and accruals	62,814	127,137
Other payables	1,875,535	608,517

Terms and conditions relating to the above financial instruments:

- Trade creditors are unsecured, non-interest bearing and are normally settled on 30-day terms
- Other creditors are unsecured and non-interest bearing
- Due to the short-term nature of the current payables the carrying value is assumed to approximate their fair value.

(c) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates. The Consolidated Entity does not have any material interest rate exposure.

(d) Capital Risk Management

Management controls the capital of the Consolidated Entity in order to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's capital includes ordinary share capital. Further detail on share capital can be found in Note 7. There are no externally imposed capital requirements. Management effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management share issues.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

(e) Fair Values

The fair values of financial assets and liabilities approximate their carrying value.

NOTE 15 SEGMENT REPORTING

Reportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Consolidated Entity as having only one reportable segment, being exploration for minerals in Australia. The financial results from this segment are equivalent to the financial statements of the consolidated entity. There have been no changes in the operating segments during the year.

All assets are located in Australia.

NOTE 16 COMMITMENTS

Short-term leases

The Consolidated Entity leases office space on a month-to-month basis and does not have any ongoing commitments under the arrangement.

Future exploration

The Consolidated Entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Consolidated Entity.

	2021 $	2020 $
Exploration obligations to be undertaken:		
Payable within one year	226,197	10,560
Payable between one year and five years	474,715	-
	700,912	10,560

To keep tenements in good standing, work programmes should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements or to meet expenditure requirements by joint venture or farm in agreements.

NOTE 17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material contingent liabilities or contingent assets at 30 June 2021.

NOTE 18 INTERESTS IN JOINT ARRANGEMENTS

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Hawsons Iron Ltd has an interest in a joint operation, Hawsons Iron Project.

Name of Joint Venture	Principal activities	Principal place of business	Nature of relationship	Ownership interest	
				2021	2020
Hawsons Iron Project	Exploration and evaluation	Australia	Joint Operation	93.963%	69.814%

Accounting policy

Hawsons Iron Ltd recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

NOTE 19 PARENT ENTITY INFORMATION

The Parent Entity of the Consolidated Entity is Hawsons Iron Limited.

	2021 $	2020 $
Parent Entity Financial Information		
Current assets	2,438,979	763,634
Non-current assets	15,895,346	4,470,211
Total assets	18,334,325	5,233,845
Current liabilities	1,943,969	1,209,404
Non-current liabilities	-	-
Total liabilities	1,943,969	1,209,404
Net assets	16,390,356	4,024,441
Issued capital	42,878,633	28,166,109
Share based payment reserve	2,580,242	2,389,011
Accumulated losses	(29,068,519)	(26,530,679)
Total equity	16,390,356	4,024,441
Loss after income tax	(2,537,840)	(4,043,722)
Other comprehensive income	-	-
Total comprehensive income	(2,537,840)	(4,043,722)

Controlled Entities of the Parent Entity

	Percentage Owned 2021 %	Percentage Owned 2020 %
Willyama Prospecting Pty Ltd	100%	100%

Principles of Consolidation

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Commitments, Contingencies and Guarantees of the Parent Entity

The committed expenditure for future periods of the Parent Entity is the same as those for the Consolidated Entity. Refer to Note 16 & 17 for details.

The Parent Entity has no contingent assets, contingent liabilities or guarantees at balance date.

NOTE 20 EMPLOYEE BENEFITS EXPENSES

	2021 $	2020 $
External CFO services	39,974	30,000
Company Secretarial services	93,917	75,500
Annual Leave Expense	2,931	(12,688)
Director Fees	137,891	120,918
FBT	635	1,328
Salaries and wages	375,455	485,071
Defined contribution superannuation expense	36,305	38,123
Salaries Hawsons Iron Project - Marketing BD	7,377	78,740
Accrued back pay expense	-	120,855
Share based payments expense	39,102	100,374
	733,587	1,038,221
Less:		
Reversal of accrued back pay	(386,170)	-
Cash Flow Boost Subsidy	(50,000)	(50,000)
Capitalised Salaries – Hawsons Iron Project	(14,171)	(238,132)
Total employee benefits expense	283,246	750,089

NOTE 21 FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

	Level 1 $	Level 2 $	Level 3 $	Total $
Consolidated – 2021				
Liabilities				
Other Payable – consultant fee	-	-	1,875,535	1,875,535
Total liabilities	-	-	1,875,535	1,875,535
Consolidated - 2020				
Liabilities				
Other Payable – consultant fee	-	-	608,517	608,517
Total liabilities	-	-	608,517	608,517

Valuation techniques for fair value measurements categorised within level 2 and level 3

Other Payable – consultant fee
The fair value of the consultant’s fees has been estimated using present value techniques, by discounting the probability-weighted estimated future cash outflows.

NOTE 21 FAIR VALUE MEASUREMENT (cont'd)

Level 3 assets and liabilities

Movements in level 3 liabilities during the current and previous financial year are set out below:

	2021	2020
Other Payable – consultant fee	$	$
Balance at 1 July	608,517	-
Transfers out level 3	-	-
Losses recognised in profit or loss (consultants expense)	1,267,018	608,517
Disposals/settlements	-	-
Balance at 30 June	1,875,535	608,517

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

	Unobservable inputs	
Sensitivity	**Probability Range**	**Probability Range**
The estimated fair value would increase/(decrease) if probability rate was higher/(lower)	40% - 100%	10% - 40%

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

NOTE 22 EVENTS AFTER BALANCE SHEET DATE

Company name change: The Company changed its name from Carpentaria Resources Limited (ASX: CAP) to Hawsons Iron Limited (ASX: HIO), approved by shareholders at the Companies extraordinary general meeting (EGM) held on 10 August 2021.

Consultant's Break Fee: The consultant was paid a break fee of $1,094,500 plus GST on the 24th of August 2021. The break fee was payable upon the commitment to undertake a bankable feasibility study (or equivalent) for the Hawsons Iron Project. Refer note 3 for further details.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 22 EVENTS AFTER BALANCE SHEET DATE (cont'd)

Share Options: Additionally, shareholders approved the Hawsons Iron Option Plan as outlined in the notice of extraordinary general meeting. The main purpose of the Option Plan is to provide an additional incentive to Eligible Persons (being directors and other officers, employees, contractors and consultants of the Company and its subsidiaries) to provide dedicated and ongoing commitment and effort to the Company and to reward its Directors and other officers, employees, contractors and consultants for their efforts.

If Employee Options are exercised, this will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of Employee Options exercised. It will also increase the number of Shares that are on issue by the number of Employee Options exercised.

The EGM also approved the grant of options to the Directors as follows;

	Director Options Granted 10 August 2021		
Directors	**Quantity**	**Exercise Price**	**Tranche**
Bryan Granzien	1,000,000	$0.05	19
	1,000,000	$0.06	20
	2,000,000	$0.25	23
	2,000,000	$0.35	24
	2,000,000	$0.50	25
Paul Cholakos	1,000,000	$0.15	22
	1,000,000	$0.25	23
	1,000,000	$0.35	24
	2,000,000	$0.50	25
Jon Parker	1,000,000	$0.15	22
	1,000,000	$0.25	23
	1,000,000	$0.35	24
	2,000,000	$0.50	25

Tranche #	Grant Date	Expiry Date	Exercise Price	Vesting Conditions
Tranche 19	12 Apr 2021	12 Apr 2026	$0.05	*The following:* ▪ Hawsons Iron has secured the required funding to carry out the bankable feasibility study in respect of the Hawsons Iron Project (31.6million).
Tranche 20	12 Apr 2021	12 Apr 2026	$0.06	*Any of the following:* ▪ Hawsons iron market capitalisation reaches $100,000,000; ▪ Hawsons Iron has cash or liquid assets to the value of $100,000,000 or more.
Tranche 22	10 Aug 2021	10 Aug 2026	$0.15	*The following:* ▪ the Company raising the funding to carry out the Hawsons BFS (estimated to be $35 million).
Tranche 23	10 Aug 2021	10 Aug 2026	$0.25	*The following:* ▪ completion of the Hawsons BFS.
Tranche 24	10 Aug 2021	10 Aug 2026	$0.35	*The following:* ▪ the raising by the Company of the capital cost to develop the Hawsons Iron Project commercially.
Tranche 25	10 Aug 2021	10 Aug 2026	$0.50	*The following:* ▪ the commencement of commercial production at the Hawsons Iron Project

NOTE 22 EVENTS AFTER BALANCE SHEET DATE (cont'd)

The following conditions are applicable to each option Tranche granted to the Directors of the Company:

Exercise Period - Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

Notice of Exercise - The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Capital Raising: The Company subsequent to the end of the financial period carried out a fully underwritten capital raising of $35,596,844 through a fully underwritten placement and a 1 for 2.6 underwritten entitlements offer and private placement. The capital raising was executed at the offer price of $0.15 per share.

The funds raised through the private placement and the entitlements offer were received on 4 separate dates as outlined in the table herein:

Date		Issued Capital	Issued Shares
12/07/2021	$	2,000,000	13,333,333
27/07/2021	$	65,769	438,461
29/07/2021	$	27,381,075	182,540,511
16/08/2021	$	6,150,000	41,000,000
	$	35,596,844	237,312,305
Costs	-$	1,991,856	
Net Proceeds	$	33,604,988	

Issued Fully Paid Ordinary Shares at reporting date:

Date	Issued shares
1/07/2021	470,240,645
12/07/2021	13,333,333
27/07/2021	438,461
29/07/2021	182,540,511
16/08/2021	41,000,000
31/08/2021	707,552,950

The funds will be used to complete the Hawsons Iron Project bankable feasibility study (BFS) including drilling, pilot plant run, engineering and design.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
   b. give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included in pages 10 to 17 of the Directors' report (as part of audited Remuneration Report), for the year ended 30 June 2020, comply with section 300A of the *Corporations Act 2001.*
5. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Bryan Granzien
Executive Chairman

Brisbane
29 September 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Hawsons Iron Limited (formerly Carpentaria Resources Limited)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hawsons Iron Limited (formerly Carpentaria Resources Limited) (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of exploration and evaluation assets

Key audit matter	*How the matter was addressed in our audit*
The Group carries exploration and evaluation assets in accordance with the Group's accounting policy for exploration and evaluation expenditure, as set out in note 4. The recoverability of exploration and evaluation assets is a key audit matter dur to: • The significance of the total balance; and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 *Exploration for Evaluation of Mineral Resources* ('AASB 6') in light of any indicators of impairment that may be present.	Our Procedures included, but were not limited to the following: • Obtaining evidence that the Group has valid rights to explore the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Group maintains tenements in good standing • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects and held discussions with directors of the Group as to their intentions and strategy. • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Share Based Payments

Key audit matter	*How the matter was addressed in our audit*
Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments, we consider the Group's calculations of the share-based payment expense to be a key audit matter.	Our procedures included, but were not limited to be the following: • Enquiring of management, reviewing ASX announcements and directors' minutes to ensure completeness of the Group options and other contractual agreements. • Reviewing the relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of all share-based payment arrangements • Involving our internal specialists to review the Group's valuation methodology and inputs used.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

BDO

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in or pages 10 to 17 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Hawsons Iron Limited (formerly Carpentaria Resources Limited), for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

K L Colyer

K L Colyer
Director

Brisbane, 29 September 2021

ADDITIONAL STOCK EXCHANGE INFORMATION – Added 19/08/21

DISTRIBUTION OF NUMBER OF HOLDERS OF EQUITY SECURITIES AS AT 18 AUGUST 2021

Number of Securities Held	Ordinary shares fully paid	No. of holders
1 to 1,000	60,823	170
1,001 to 5,000	1,688,813	522
5,001 to 10,000	4,379,081	562
10,001 to 50,000	37,031,713	1,419
50,001 to 100,000	40,117,811	523
100,001 and over	629,774,709	928
	713,052,950	4,124

Number of shareholders holding less than a marketable parcel of shares	**0**

TWENTY LARGEST HOLDERS OF EACH QUOTED SECURITY

Rank	Name	Balance	% Held
1	CS THIRD NOMINEES PTY LIMITED	72,404,443	10.15
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	38,004,745	5.33
3	UBS NOMINEES PTY LTD	21,871,254	3.07
4	SILVERGATE CAPITAL PTY LTD	17,990,800	2.52
5	ARVADA PTY LTD	9,000,000	1.26
6	NATIONAL NOMINEES LIMITED	8,100,004	1.14
7	JKS GROUP HOLDINGS PTY LTD	7,896,969	1.11
8	BNP PARIBAS NOMINEES PTY LTD	7,231,707	1.01
9	MR JAMES ANTHONY SUGGATE	6,181,807	0.87
10	MR PETR TURCOVSKY	6,158,824	0.86
11	CITICORP NOMINEES PTY LIMITED	5,689,491	0.80
12	MR VINCE TRUDA	5,538,462	0.78
13	MR ADAM DOMINIC WHEATLEY & MR NICOLAS JACOB PEARSE WHEATLEY	5,054,404	0.71
14	HOI AN INVESTMENT PTY LTD	4,761,615	0.67
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,740,836	0.66
16	GLIZE PTY LTD	4,651,163	0.65
17	MR ROBERT VEITCH & MRS ELAINE VEITCH	4,644,391	0.65
18	MR GIOVANNI BERNARD STAGNO	4,000,000	0.56
19	SUGGATE HOLDINGS PTY LTD	3,488,488	0.49
20	MR CONG HUA	3,480,000	0.49
	TOTAL	**240,889,403**	**33.78**

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as shown in substantial shareholder notices received by the Company at 18 August 2021 are:

Name of Shareholder	Ordinary Shares
REGAL FUNDS MANAGEMENT PTY LIMITED	84,799,804

SCHEDULE OF TENEMENTS

Licence	Notes	Name	Grant date	Expiry date	Equity	Units	Area – km2	Renewal
EL6979	1,2	Redan	11/12/2007	11/12/2021	93.963%	62	180	
EL7208	2	Burta	22/09/2008	22/09/2025	93.963%	100	290	
EL7504	2	Little Peak	08/04/2010	08/04/2023	93.963%	14	41	
MLA460	3,4	Hawsons Iron	Under application	Under application	93.963%	n/a	187	

1. 1.5% NSR royalty to Perilya Broken Hill Ply Ltd.
2. JV Starlight Investment Company Pty Ltd. EL7504 renewal lodged.
3. MLA made on 18 October 2013.; tenement application subject to unspecified grant date and conditions.
4. Subject to the Hawsons Joint Venture with Starlight Investment Company Pty Ltd.